

A blue-tinted photograph of a city street at night. The image shows a multi-lane road with several cars. Long, bright white light trails from the cars' headlights and taillights stretch across the road, indicating a long exposure. Buildings and streetlights are visible in the background, creating a sense of urban activity and movement.

Local knowledge. Global power.

# Continued Confidence AEGON USA's Investments Portfolio

**Eric Goodman**

*CEO AEGON USA Investments Division*

A&I Conference – November 2007

- ◆ Our portfolio is positioned defensively
- ◆ Corporate and Commercial Mortgage credit losses remain low, in line with the market
- ◆ MBS and ABS portfolios are expected to weather the residential mortgage market problems well, due to upgrading in past years
- ◆ CDO and Credit Derivatives portfolios are conservatively positioned and contain negligible subprime exposure
- ◆ Alternative investment returns have been excellent

	12/31/05	12/31/06	09/30/07	Change Since '05
Cash/Treasuries/Agency	6.2%	8.3%	10.2%	↑
IG Corporate & Preferred	48.1%	44.9%	43.2%	↓
High Yield Corporate	4.0%	3.9%	3.5%	↓
Emerging Markets Debt	2.7%	2.4%	2.3%	↓
ABS	10.6%	10.5%	10.4%	↓
MBS & CMO	4.2%	5.5%	5.0%	↑
Commercial MBS	5.4%	5.2%	5.2%	↓
Mortgage Loans	12.4%	12.6%	13.0%	↑
Convertible Bonds & Pref Stock	1.3%	1.0%	0.8%	↓
Common Equity	0.8%	0.9%	0.9%	↑
Private Equity & Real Estate	1.1%	1.5%	1.9%	↑
Hedge Funds	1.4%	1.6%	1.7%	↑
Other	1.8%	1.7%	1.8%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
Value (in USD billion)*	122.2	122.7	127.5	

All numbers are for AEGON USA only and are on an IFRS basis

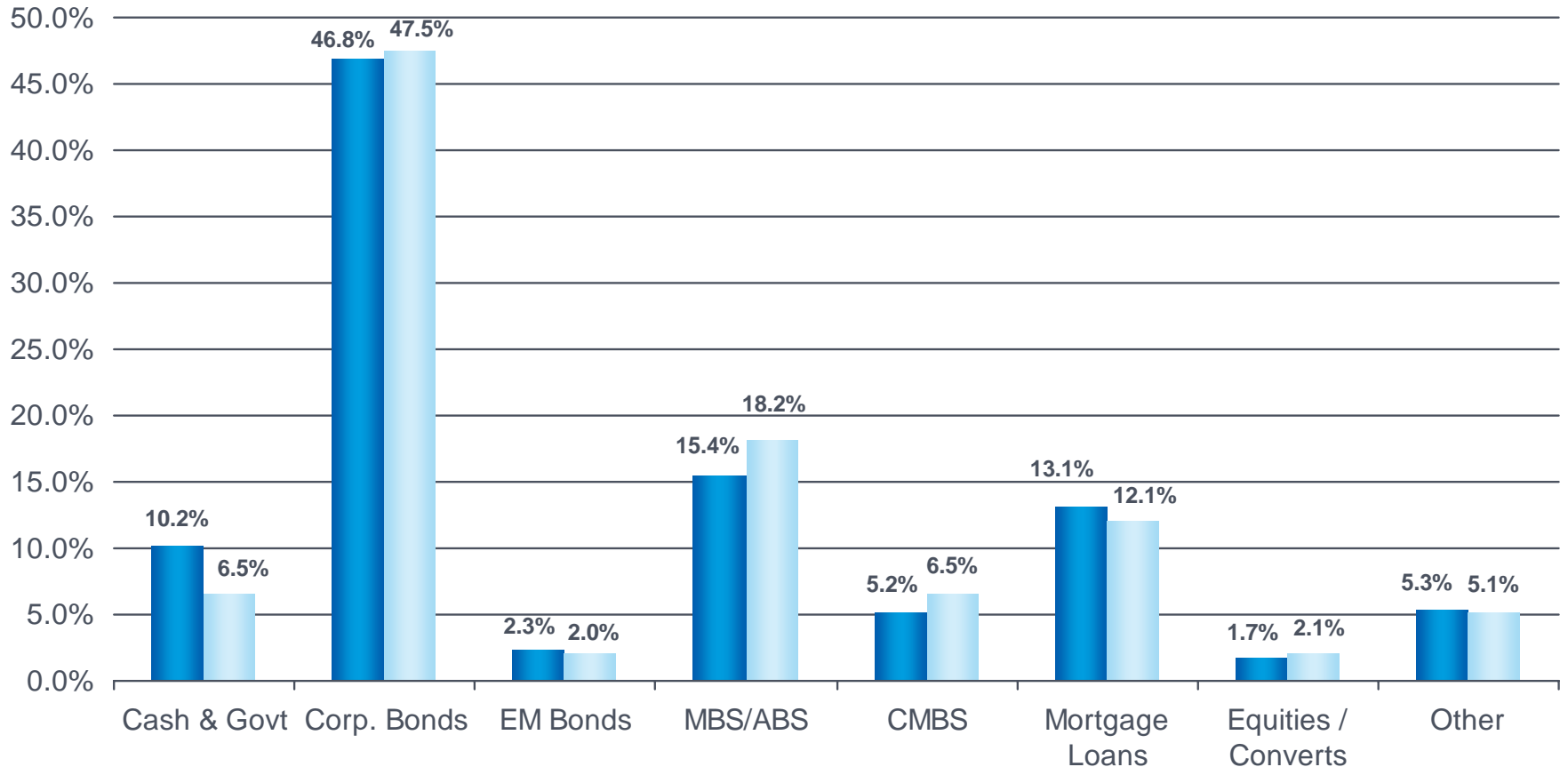
\* excludes policy loans

## Asset Allocation

Total Invested Assets = USD 127.5 billion\*

09/30/07

■ AEGON  
■ Industry



Industry data source: Lehman Brothers 2006 annual survey of top 20 Insurance Companies

\* excludes policy loans

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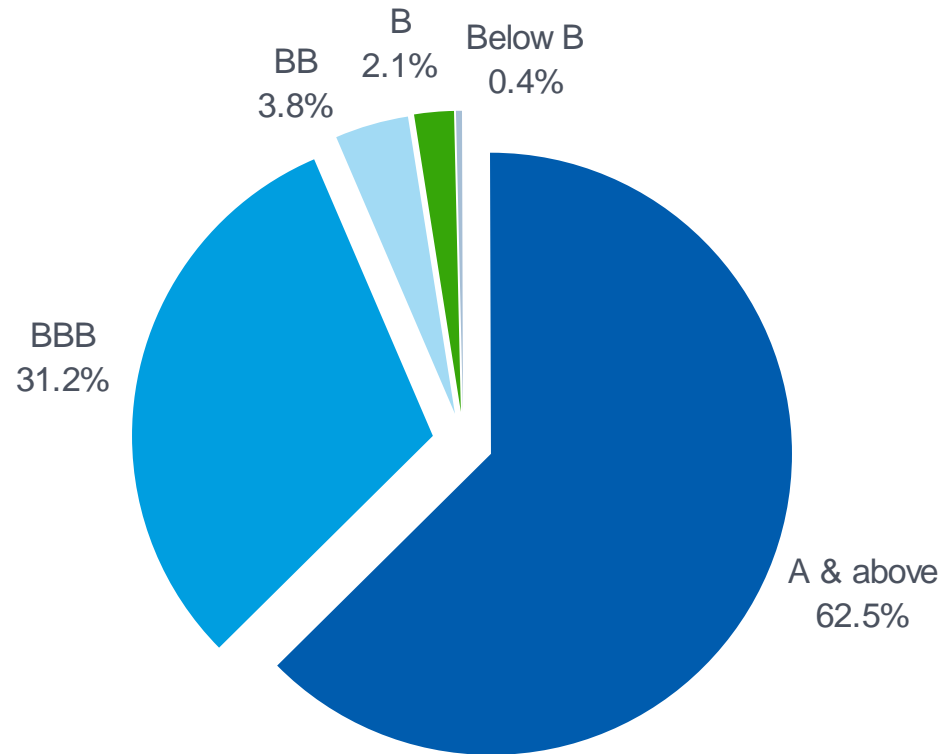
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## Bond Portfolio Quality Profile

AEGON USA Bond Portfolio (IFRS) = USD 95 billion

09/03/07

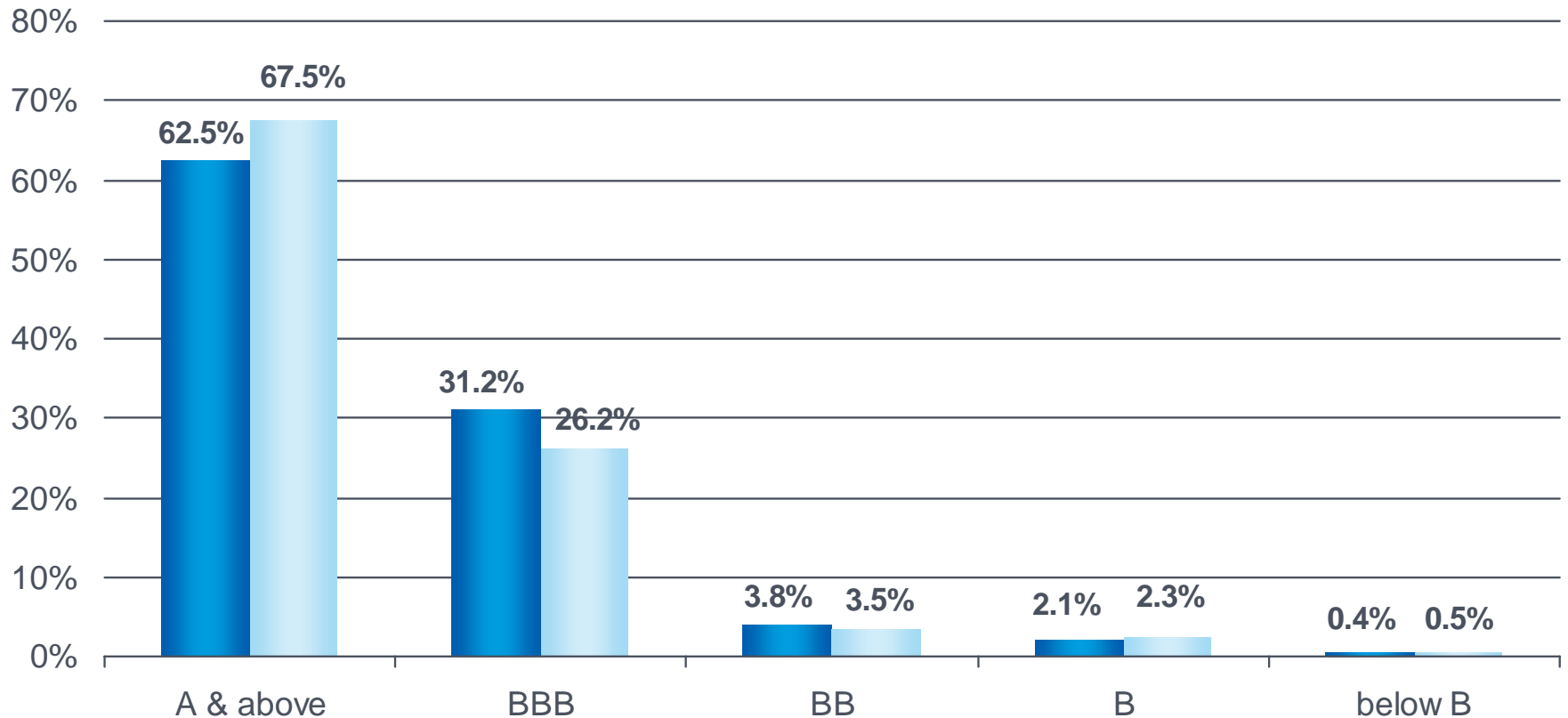


## Bond Portfolio Quality Profile

AEGON USA Bond Portfolio (IFRS) = USD 95 billion

09/30/07

■ AEGON  
■ Industry

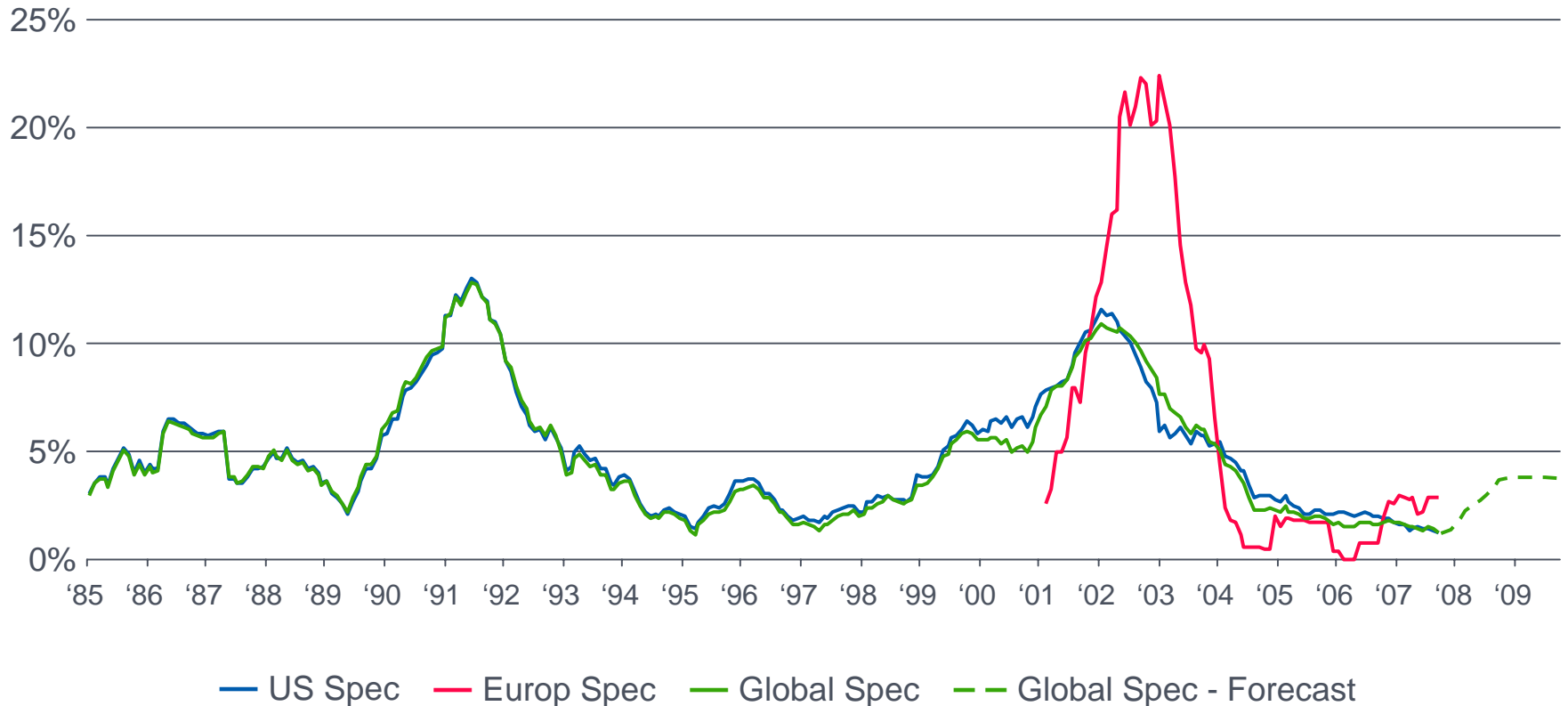


Industry data source: Lehman Brothers 2006 annual survey of top 20 Insurance Companies.

AEGON Rating hierarchy used is: S&P, Moody's, Fitch, Internal, NAIC

Default rates have been at historical lows, but are expected to increase

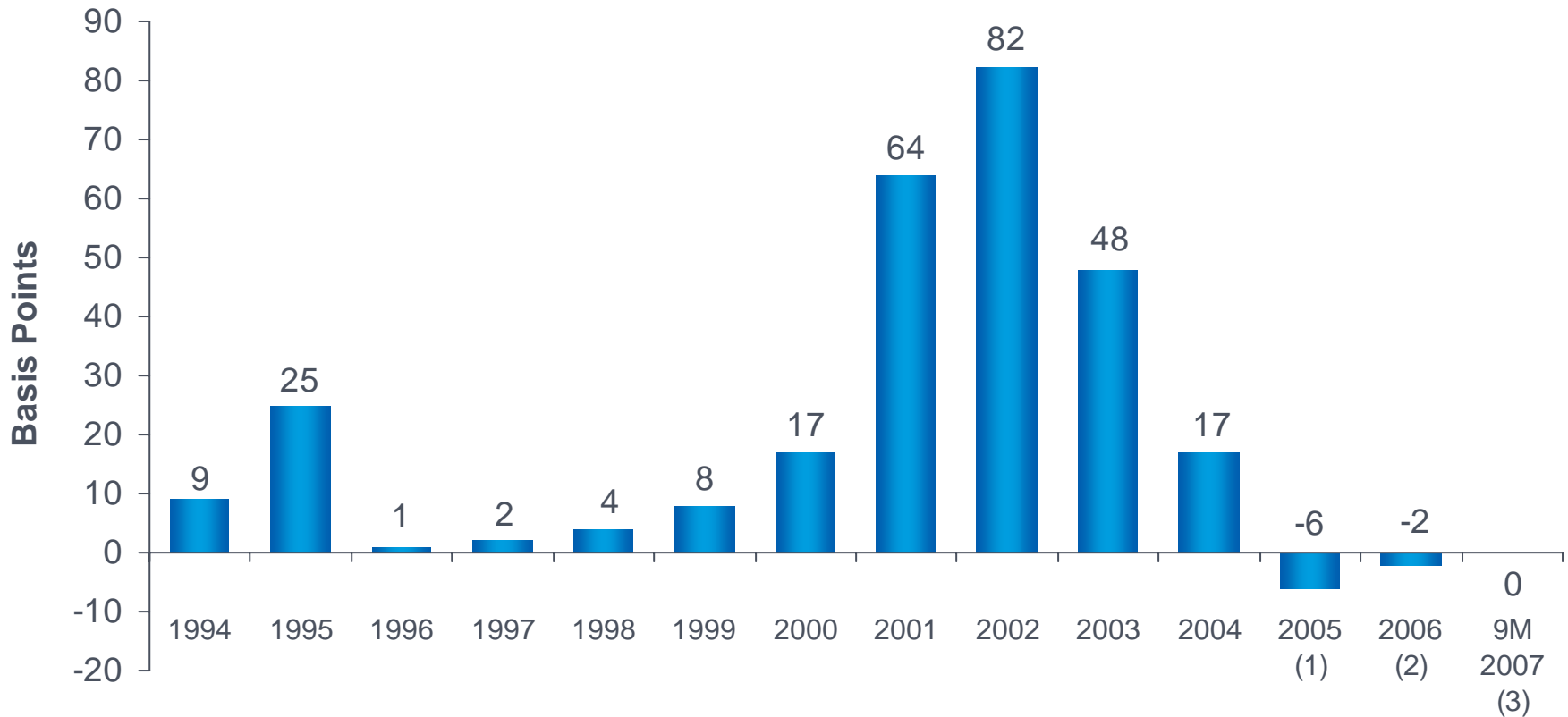
**Trailing 12-Month Issuer-Weighted Spec-Grade**  
Default Rates



Source: Moody's Investors Service



## Credit losses in bps of assets (includes only bonds and mortgages)



(1) 2005 IFRS Reporting includes 11 bps Impairments and (17) bps Recoveries  
 (2) 2006 IFRS Reporting includes 10 bps Impairments and (12) bps Recoveries  
 (3) 9M 2007 IFRS Reporting includes 6 bps Impairments and (6) bps Recoveries

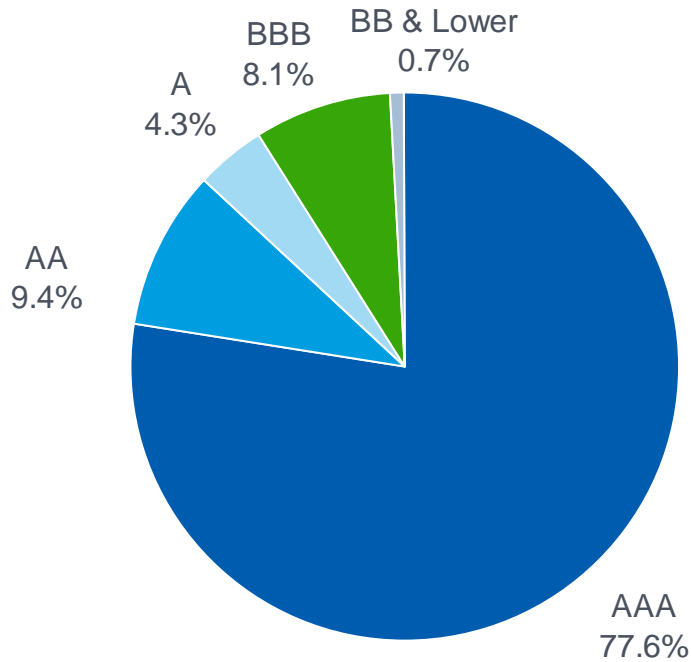
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<b>ABS</b>	<b>10.6%</b>	<b>10.5%</b>	<b>10.4%</b>	<b>↓</b>
<b>MBS &amp; CMO</b>	<b>4.2%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>↑</b>
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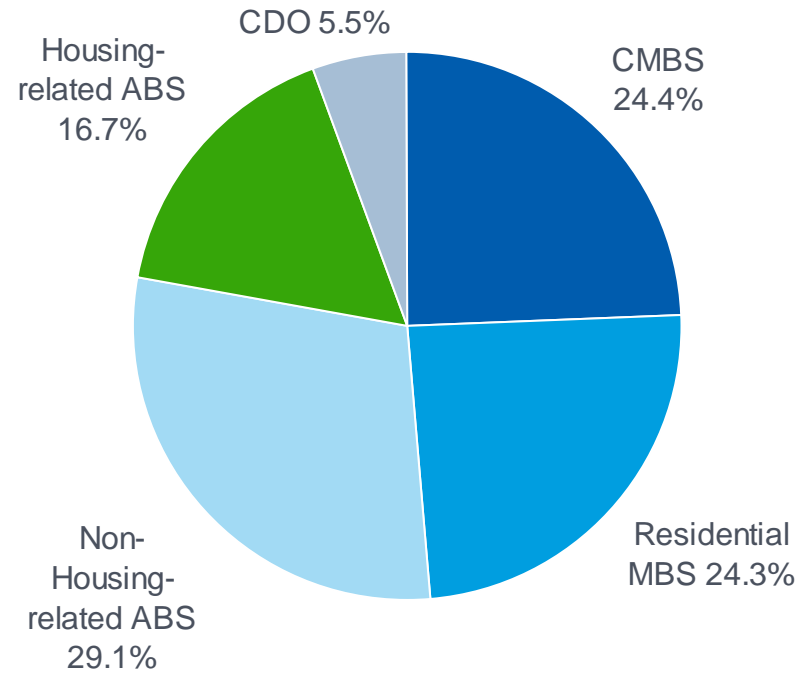
\* excludes policy loans

## Total portfolio

USD 26.3 billion  
as of September 30, 2007



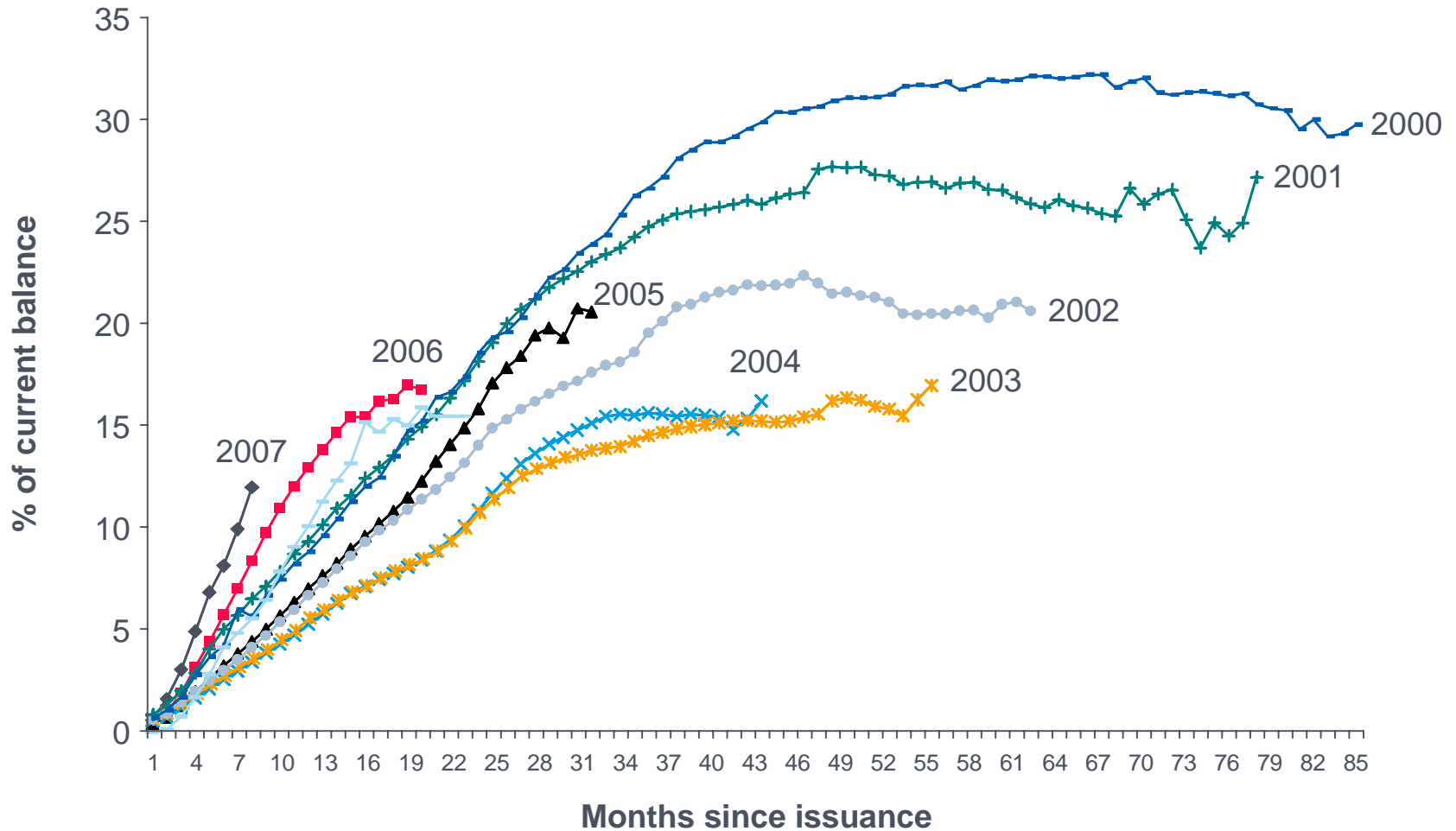
**Are high quality...**



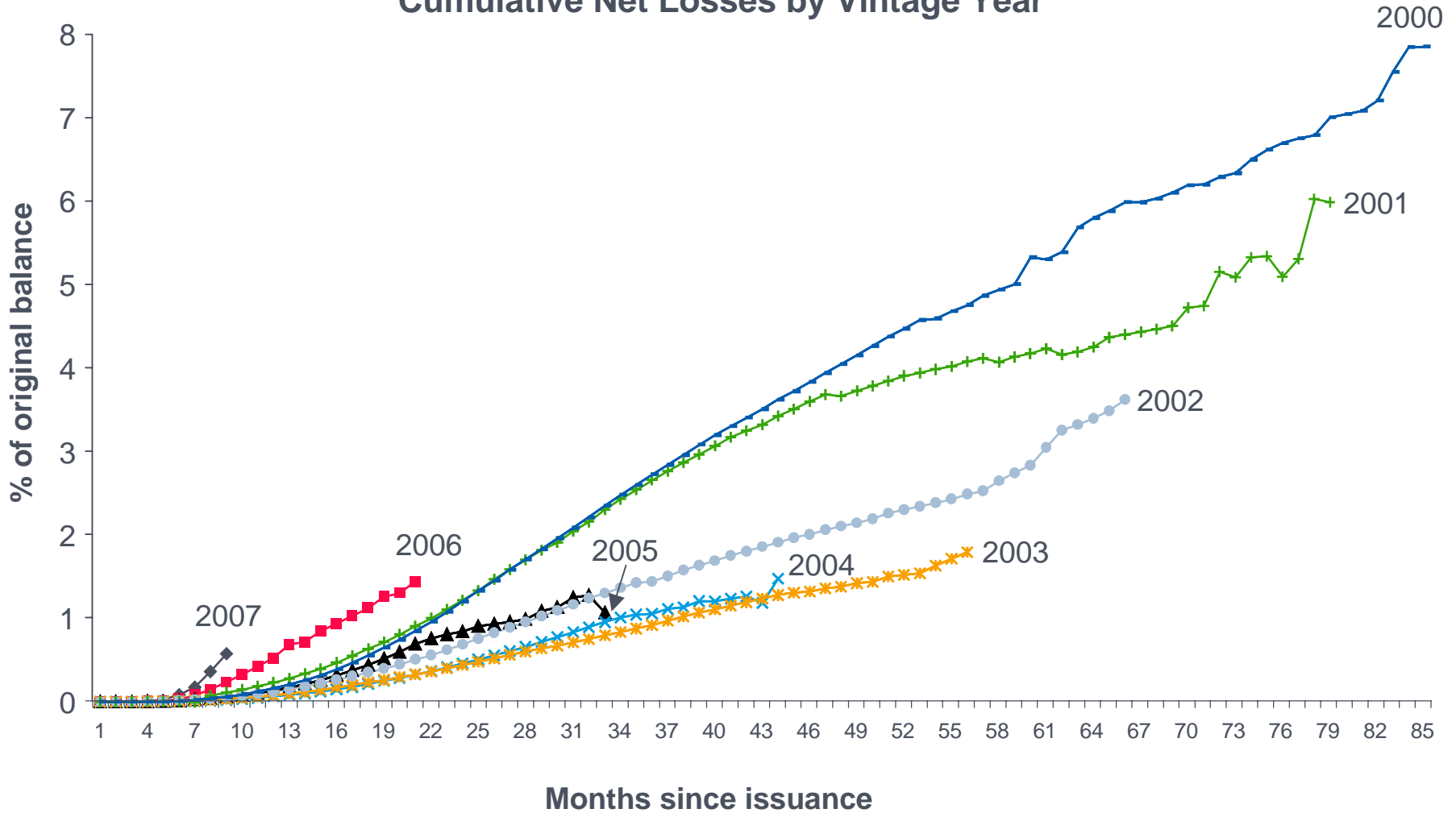
**...and diversified**

- ◆ Our late-vintage, hybrid Subprime exposure totals USD 1.1 billion and is highly rated
- ◆ We have negligible ABS CDOs: USD 36 million held at fair value
- ◆ We have no Subprime Credit Default Swaps (“CDS”) – except within some hedge funds which bought protection (went short) and made money
- ◆ Very few of our securities have been downgraded by the rating agencies
- ◆ We expect more market volatility and downgrades, but we do not expect significant impairments

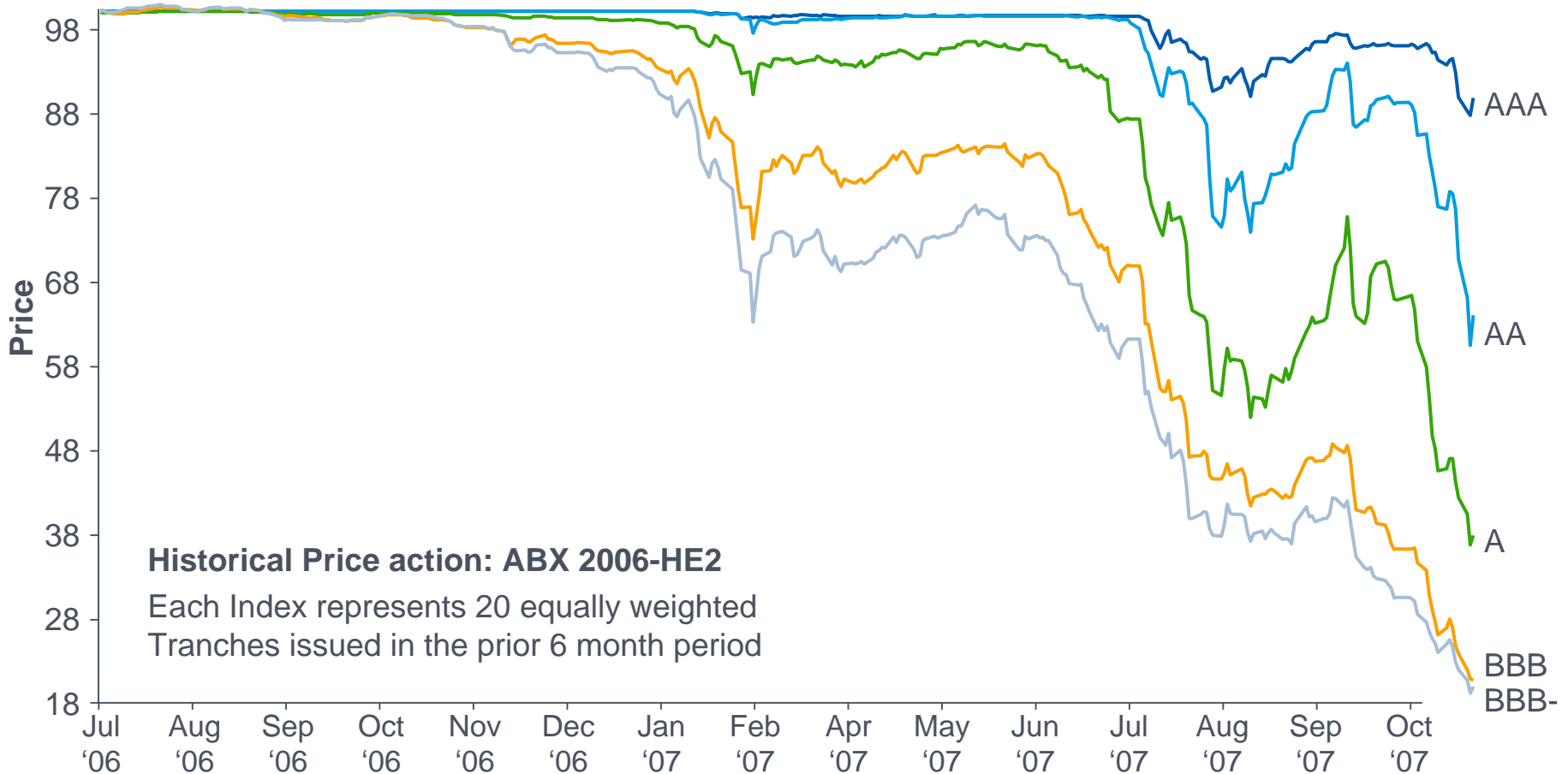
## Sum of Bankruptcy, Foreclosure, Real Estate Owned, 60+ Days Delinquent



## Cumulative Net Losses by Vintage Year



- ◆ Cash markets are disrupted
- ◆ ABX derivatives overwhelmed by intense hedging pressure

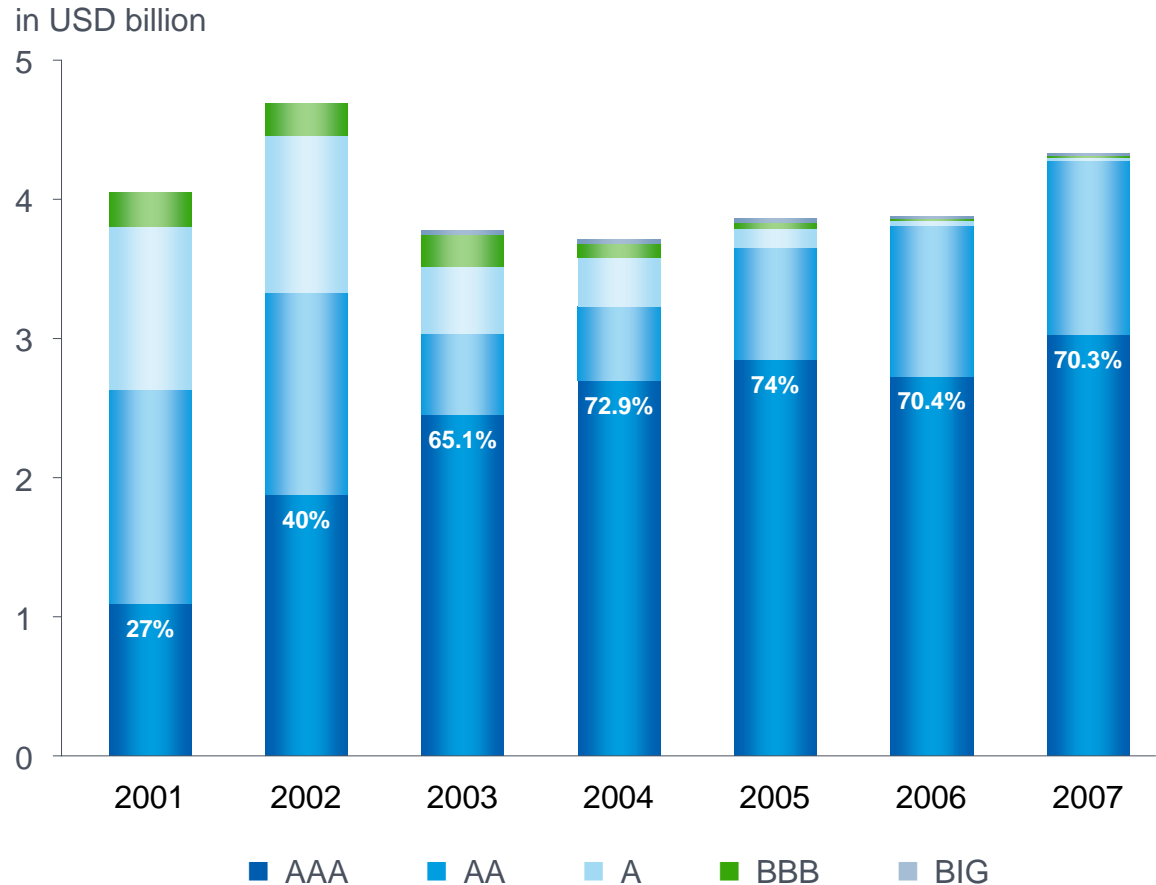


- ◆ Market Stress is reflected in a growing unrealized loss
- ◆ September 30: unrealized loss of USD 238 million on our USD 4.3 billion of total subprime holdings
- ◆ October 31: unrealized loss of USD 293 million
- ◆ Market prices obtained monthly from external third parties
- ◆ Not “marked to model”



## Rating Migration

- ◆ Became cautious about the structural aspects of the subprime mezzanine classes in 2002
- ◆ Stopped purchasing 'A' and lower tranches in 2003. Actively began selling mezzanine positions as market spreads tightened
- ◆ Continued to upgrade the portfolio and reduce relative exposure to the sector as underwriting deteriorated

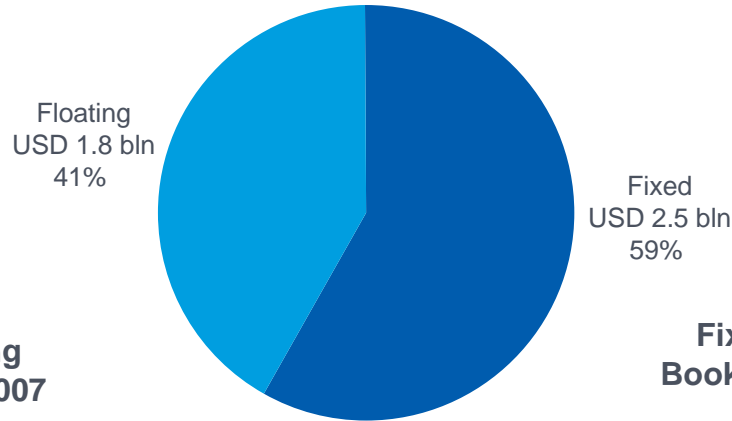


Book values by internal ratings

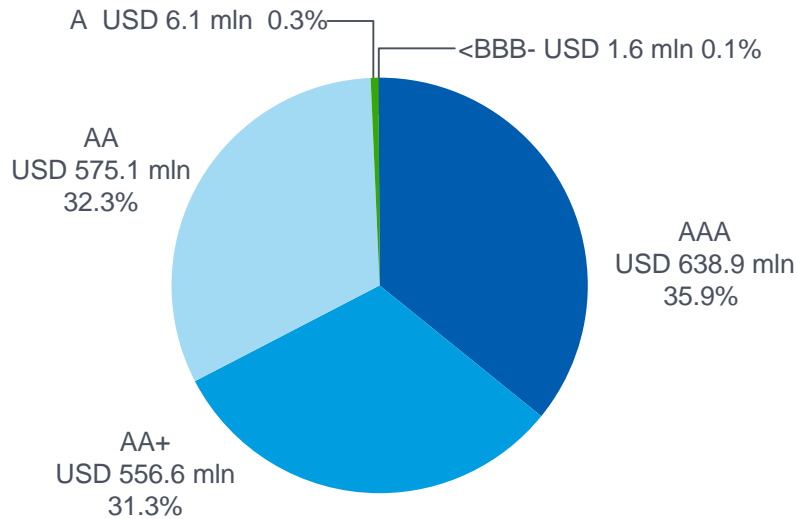
2007 data is through 9/30/2007 and is based on hierarchy ratings

All USD figures represent book value as of Sep 30, 2007

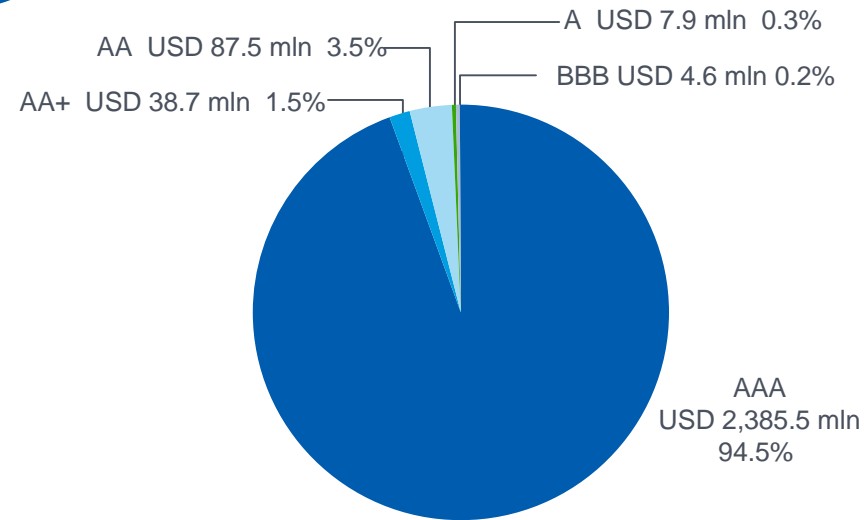
Total portfolio as of Sep 30, 2007



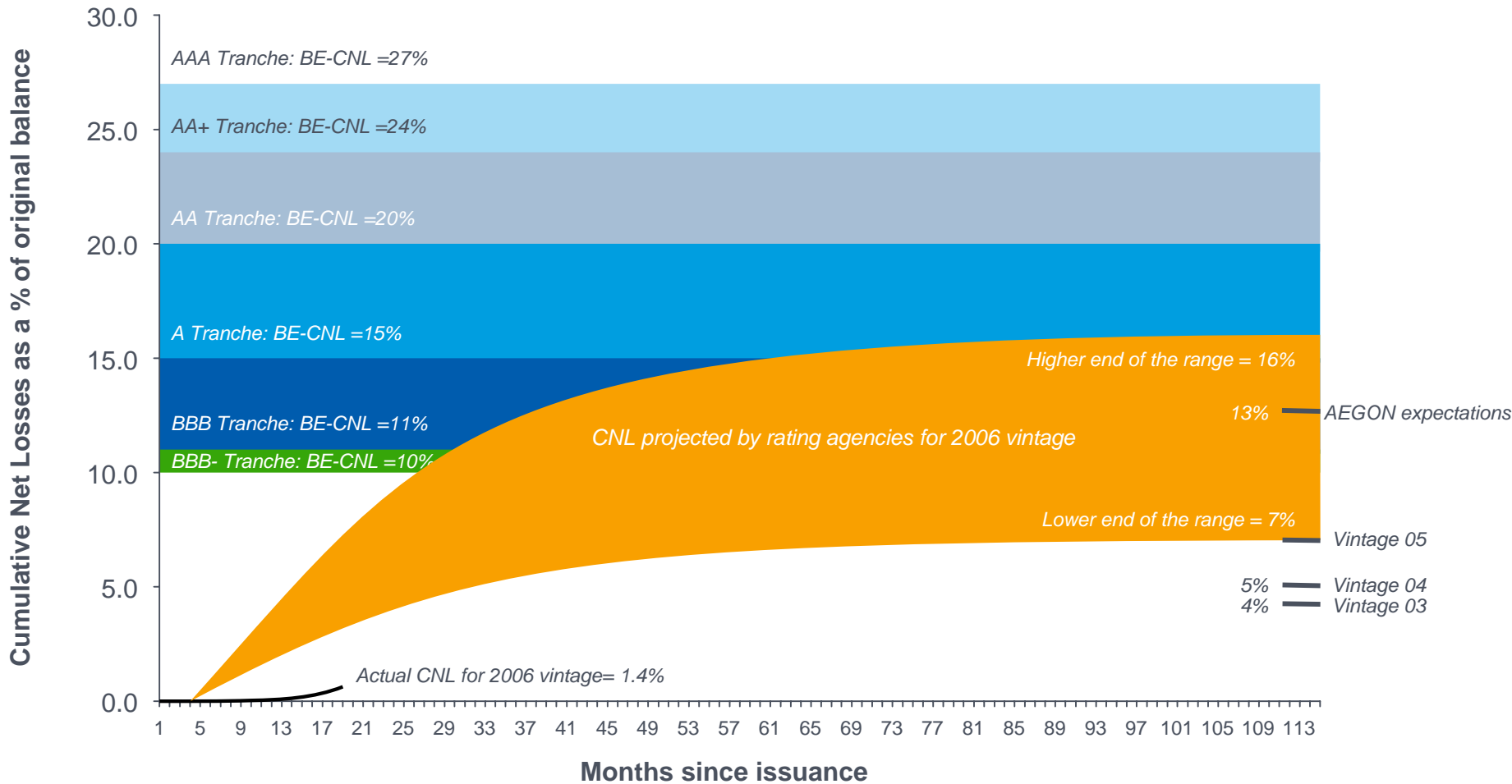
Floating portfolio by Rating Book Value as of Sep 30, 2007



Fixed portfolio by Rating Book Value as of Sep 30, 2007



## Typical 2006 Vintage Hybrid Securitization



BE-CNL: Cumulative Net Losses on the pool that would cause principal impairment

- ◆ Prime Mortgages
- ◆ Commercial Paper Markets (SIVs)
- ◆ Financial Corporate Credits
- ◆ Monoline Insurers
- ◆ Hedge Funds
- ◆ Macroeconomic

- ◆ No purchases of ABS CDOs since 2001
- ◆ Therefore, negligible Subprime exposure
- ◆ Primarily corporate credit collateral

Collateral by Type	in USD million
Leveraged Bank Loans	927
Corporate Bonds	267
Commercial Real Estate & CM	265
Asset Backed Securities	36
<b>Total</b>	<b>1,495</b>

Tranches by Rating	in USD million
AAA	1,076
AA	288
A	59
BBB	34
<BBB	38
<b>Total</b>	<b>1,495</b>

**Our credit derivatives are corporate credit exposures,  
not mortgage or subprime credit.**

- ◆ **Tranched Credit Protection  
Or “Synthetic CDOs”**

**(9) mm book value  
4.8 bln notional value**
- ◆ **Credit Default Swaps:**

  - **Sold Protection**

**(5) mm book value  
1.6 bln notional value**
  - **Purchased Protection**

**0 mm book value  
0.06 bln notional value**
- ◆ **CLO Total Return Swap**

**0.2 bln book value  
1.1 bln notional value**

- ◆ No Synthetic Subprime CDOs.
- ◆ Sold protection on very senior tranches of the CDX (investment grade corporate bond index).
- ◆ Very low risk of permanent loss.

<u>By Attachment Point</u>	<u>book value (mln)</u>	<u>notional (mln)</u>	<u>Implied rating</u>
30-100%	2	4,150	AAA
15-30%	(4)	325	AAA
10-15%	(2)	275	AAA
Equity	<u>(5)</u>	<u>20</u>	
Total	(9)	4,770	

	12/31/05	12/31/06	09/30/07	Change Since '05
Cash/Treasuries/Agency	6.2%	8.3%	10.2%	↑
IG Corporate & Preferred	48.1%	44.9%	43.2%	↓
High Yield Corporate	4.0%	3.9%	3.5%	↓
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<b>Mortgage Loans</b>	<b>12.4%</b>	<b>12.6%</b>	<b>13.0%</b>	<b>↑</b>
Convertible Bonds & Pref Stock	1.3%	1.0%	0.8%	↓
Common Equity	0.8%	0.9%	0.9%	↑
Private Equity & Real Estate	1.1%	1.5%	1.9%	↑
Hedge Funds	1.4%	1.6%	1.7%	↑
Other	1.8%	1.7%	1.8%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
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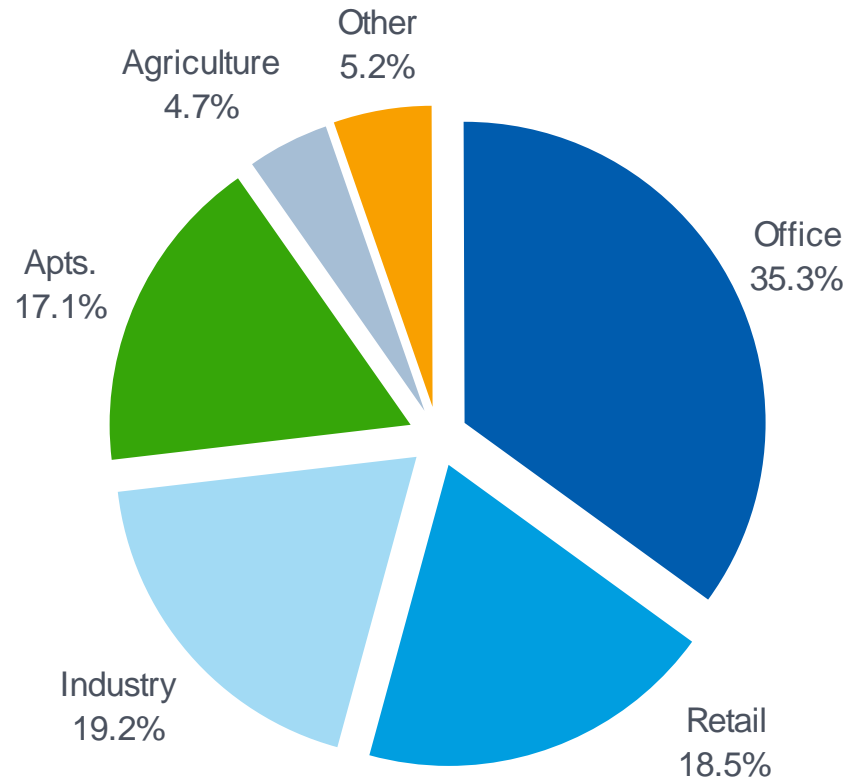
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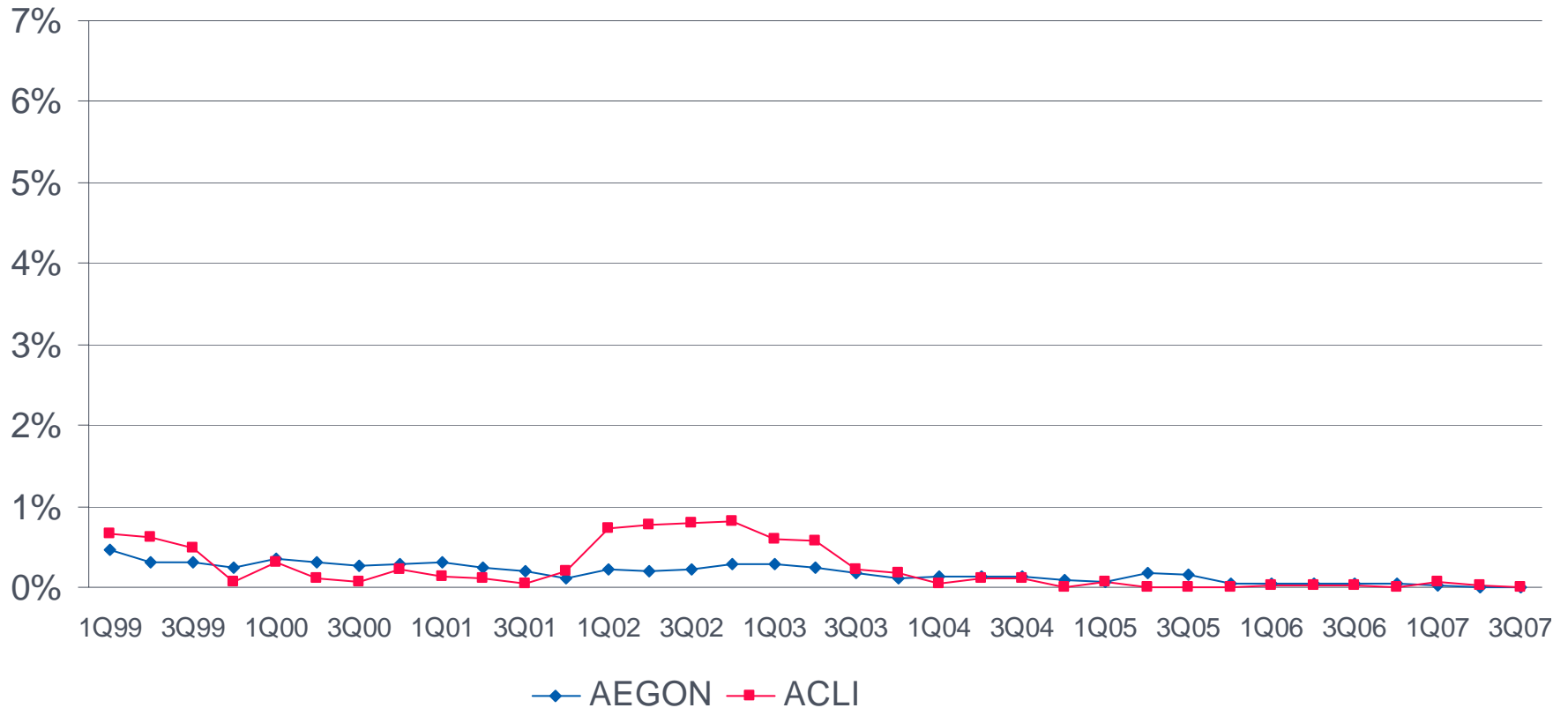
## Mortgage loan portfolio by type

Total Portfolio = USD 16.1 billion

09/30/07



## AEGON Commercial Mortgages vs ACLI Commercial Mortgages Total Delinquent\* Loans and Loans in Process of Foreclosure As a Percentage of Outstanding Principal



\*ACLI defines delinquent as past due 60 or more days

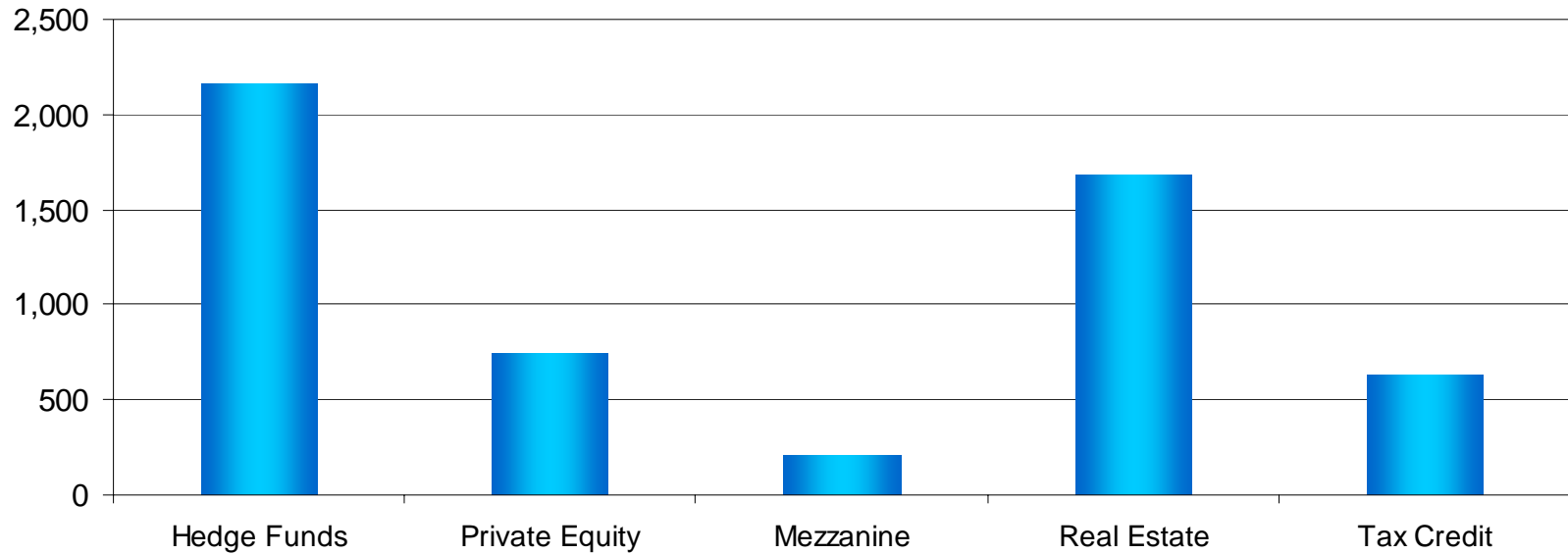
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Common Equity	0.8%	0.9%	0.9%	↑
<b>Private Equity &amp; Real Estate</b>	<b>1.1%</b>	<b>1.5%</b>	<b>1.9%</b>	<b>↑</b>
<b>Hedge Funds</b>	<b>1.4%</b>	<b>1.6%</b>	<b>1.7%</b>	<b>↑</b>
Other	1.8%	1.7%	1.8%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
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\* excludes policy loans

**Total Portfolio (IFRS): USD 5.5 billion**  
as of September 30, 2007

(in USD billion)



amounts in USD million

<b>Asset Class</b>	<b>9/30/2007 Asset Balance</b>	<b>Expected Earnings YTD 2007</b>	<b>Actual Earnings YTD 2007</b>	<b>Variance</b>
Hedge Funds	2,168	136	241	105
Private Equity	743	64	95	31
Mezzanine	262	32	93	61
Real Estate	1,677	103	118	15
Tax Credit*	637	57	49	(8)
Subtotal	5,487	392	596	204
<i>Other Fair Value Assets</i>				
Convertible bonds	364	20	68	48
Total	5,851	412	664	252

\*Earnings on a pre-tax basis

- ◆ Our portfolio is positioned defensively
- ◆ Corporate and Commercial Mortgage credit losses remain low, in line with the market
- ◆ MBS and ABS portfolios are expected to weather the residential mortgage market problems well, due to upgrading in past years
- ◆ CDO and Credit Derivatives portfolios are conservatively positioned and contain negligible subprime exposure
- ◆ Alternative investment returns have been excellent

# APPENDIX

**Book Value**  
As of September 30, 2007

in USD million

	AAA	AAA Wrapped	AA+	AA	AA Wrapped	A	BBB
Sub-prime First Lien Mortgages - Fixed Rate	1,091	542	39	68	0	1	0
Sub-prime First Lien Mortgages - Floating Rate	467	106	510	498	77	6	0
Second Lien Mortgages <sup>(1)</sup>	149	669	47	19	0	7	5
<b>Total</b>	<b>1,707</b>	<b>1,318</b>	<b>595</b>	<b>585</b>	<b>77</b>	<b>14</b>	<b>5</b>
	39.7%	30.6%	13.8%	13.6%	1.8%	0.3%	0.1%

**Market Value**  
As of September 30, 2007

in USD million

	AAA	AAA Wrapped	AA+	AA	AA Wrapped	A	BBB
Sub-prime First Lien Mortgages - Fixed Rate	1,048	525	37	65	0	1	0
Sub-prime First Lien Mortgages - Floating Rate	454	103	448	454	68	5	0
Second Lien Mortgages <sup>(1)</sup>	142	646	40	19	0	7	4
<b>Total</b>	<b>1,644</b>	<b>1,274</b>	<b>565</b>	<b>538</b>	<b>68</b>	<b>13</b>	<b>4</b>
	40.0%	31.0%	13.8%	13.1%	1.6%	0.3%	0.1%

<sup>(1)</sup> Second lien mortgages composed primarily of fixed rate loans to prime and alt-a borrowers.



**Book Value - Fixed**  
As of September 30, 2007

in USD million	AAA	AAA Wrapped	AA+	AA	AA Wrapped	A	BBB	Below BBB	Total
2003 & Prior	383	306	1	4	0	1	0	0	695
2004	106	30	30	54	0	0	0	0	221
2005	231	44	7	10	0	0	0	0	292
2006	181	25	1	0	0	0	0	0	207
2007	190	137	0	0	0	0	0	0	327
<b>Total</b>	<b>1,091</b>	<b>542</b>	<b>39</b>	<b>68</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1,741</b>
	62.7%	31.1%	2.2%	3.9%	0.0%	0.0%	0.0%	0.0%	100.0%

**Book Value - Floating**  
As of September 30, 2007

in USD million	AAA	AAA Wrapped	AA+	AA	AA Wrapped	A	BBB	Below BBB	Total
2003 & Prior	27	0	9	18	54	6	0	0	115
2004	2	18	0	8	0	0	0	0	28
2005	174	55	61	167	0	0	0	0	457
2006	94	9	157	301	16	0	0	0	576
2007	169	24	283	4	7	0	0	0	488
<b>Total</b>	<b>467</b>	<b>106</b>	<b>510</b>	<b>498</b>	<b>77</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>1,664</b>
	28.0%	6.4%	30.6%	29.9%	4.6%	0.4%	0.0%	0.0%	100.0%

**Book Value**  
As of September 30, 2007

in USD in million	AAA	AAA Wrapped	AA+	AA	AA Wrapped	A	BBB	Below BBB	Total
2003 & Prior	113	47	0	19	0	7	5	2	193
2004	0	69	0	0	0	0	0	0	69
2005	13	0	0	0	0	0	0	0	13
2006	6	206	47	0	0	0	0	0	259
2007	17	347	0	0	0	0	0	0	364
Total (1)	149	669	47	19	0	7	5	2	898
	16.6%	74.6%	5.2%	2.1%	0.0%	0.8%	0.5%	0.2%	100.0%

(1) Second lien mortgages composed primarily of fixed rate loans to prime and alt-a borrowers.



Local knowledge. Global power.

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## Cautionary note regarding forward-looking statements

The statements contained in this presentation that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, should, would, is confident, will, and similar expressions as they relate to our company. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. We undertake no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- ◆ Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- ◆ Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers in our fixed income investment portfolios; and
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities we hold;
- ◆ The frequency and severity of insured loss events;
- ◆ Changes affecting mortality, morbidity and other factors that may impact the profitability of our insurance products;
- ◆ Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- ◆ Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- ◆ Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- ◆ Changes in laws and regulations, particularly those affecting our operations, the products we sell, and the attractiveness of certain products to our consumers;
- ◆ Regulatory changes relating to the insurance industry in the jurisdictions in which we operate;
- ◆ Acts of God, acts of terrorism, acts of war and pandemics;
- ◆ Changes in the policies of central banks and/or governments;
- ◆ Litigation or regulatory action that could require us to pay significant damages or change the way we do business;
- ◆ Customer responsiveness to both new products and distribution channels;
- ◆ Competitive, legal, regulatory, or tax changes that affect the distribution cost of or demand for our products;
- ◆ Our failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives; and
- ◆ The impact our adoption of the International Financial Reporting Standards may have on our reported financial results and financial condition.

## Cautionary note regarding Regulation G (non-GAAP measure)

This presentation includes non-GAAP financial measures: net operating earnings, operating earnings before tax, value of new business and embedded value. Value of new business and embedded value are not based on IFRS, which are used to prepare and report AEGON's financial statements and should not be viewed as a substitute for IFRS financial measures. AEGON believes the non-GAAP measures shown herein, together with GAAP information, provides a meaningful measure for the investment community to evaluate AEGON's business relative to the businesses of our peers.